



A leading Southern African integrated poultry producer



AUDITED ANNUAL FINANCIAL RESULTS AND DIVIDEND DECLARATION 30 SEPTEMBER 2010

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Audited Year ended 30 Sept 2010 R'000	Audited Year ended 30 Sept 2009 R'000
ASSETS		
Non-current assets	1 764 194	1 650 167
Property, plant and equipment	1 625 473	1 504 338
Intangible assets	4 913	8 396
Goodwill	124 802	124 802
Investments and loans	8 838	11 973
Deferred tax asset	168	658
Current assets	1 337 176	1 523 473
Inventories	262 278	329 775
Biological assets	305 430	357 130
Trade and other receivables	626 698	685 116
Current tax assets	2 334	13 298
Derivative financial instruments	196	309
Cash and cash equivalents	140 240	137 845
Assets held for sale	26 928	
Total assets	3 128 298	3 173 640
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company	1 424 091	1 346 044
Issued capital	736	736
Treasury shares	(204 435)	(204 435)
Reserves	1 627 790	1 549 743
Non-controlling interests	22 106	20 405
Total equity	1 446 197	1 366 449
Liabilities		
Non-current liabilities	522 117	471 856
Borrowings	80 545	29 057
Deferred tax liability	356 929	365 801
Retirement benefit obligations	84 643	76 998
Current liabilities	1 148 206	1 335 335
Trade and other liabilities	939 982	1 028 429
Current tax liabilities	19 556	10 722
Borrowings	188 668	296 184
Liabilities held for sale	11 778	
Total liabilities	1 682 101	1 807 191
Total equity and liabilities	3 128 298	3 173 640

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended 30 Sept 2010 R'000	Change %	Audited Year ended 30 Sept 2009 R'000
Revenue	8 367 874	(5)	8 833 638
Operating profit (note 5)	585 377	1	580 921
Fair value adjustment of net investment in assets and liabilities held for sale	(7 233)		12 802
Finance income	12 201		(62 960)
Finance costs	(33 263)		
Profit before income tax	557 082	5	530 763
Tax expense	(193 413)		(177 771)
Profit for the year	363 669	3	352 992
Other comprehensive income			
Foreign currency translation adjustments	(6 401)		(22 107)
Total comprehensive income for the year net of tax	357 268	8	330 885
Profit attributable to:			
Equity holders of the parent company	357 637	4	344 564
Non-controlling interests	6 032	(28)	8 428
	363 669	3	352 992
Comprehensive income attributable to:			
Equity holders of the parent company	352 068	9	323 912
Non-controlling interests	5 200	(25)	6 973
	357 268	8	330 885
Earnings per share (cents)			
– basic	940	4	906
– diluted	939	4	905

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Audited Year ended 30 Sept 2010 R'000	Audited Year ended 30 Sept 2009 R'000
Cash operating profit	705 744	690 717
Working capital changes	62 990	(106 474)
Cash generated from operating activities	768 734	584 243
Tax paid	(180 557)	(91 359)
Cash flows from operating activities	588 177	492 884
Net cash used in investing activities	(208 202)	(148 890)
Capital expenditure	(222 372)	(154 371)
Finance income	12 201	12 802
Cost of non-controlling interest acquired		(25 000)
Proceeds on disposal and other	1 969	17 679
Cash used in financing activities	(250 783)	(322 572)
Increase in borrowings	69 380	12 673
Interest paid	(38 758)	(67 464)
Dividends paid	(281 508)	(267 781)
Contribution from non-controlling interest holder	103	
Net decrease in cash and cash equivalents	129 192	21 422
Effects of exchange rate changes	(6 046)	(12 186)
Reclassification to assets held for sale	795	
Cash and cash equivalent balances at beginning of year	(152 935)	(162 171)
Cash and cash equivalent balances at end of year	(28 994)	(152 935)

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Audited Year ended 30 Sept 2010 R'000	Audited Year ended 30 Sept 2009 R'000
Balance beginning of year	1 366 449	1 328 150
Total comprehensive income for the year	357 268	330 885
Dividends to the company's shareholders	(277 750)	(266 334)
Payments to non-controlling interest holders	(3 630)	(1 592)
Option value of share options granted	3 757	3 525
Contribution from a non-controlling interest holder	103	
Cost of non-controlling interest in a subsidiary acquired		(28 185)
Balance at end of year	1 446 197	1 366 449

CONDENSED GROUP SEGMENTAL ANALYSIS

	Audited Year ended 30 Sept 2010 R'000	Change %	Audited (restated) Year ended 30 Sept 2009 R'000
Revenue			
Poultry			
– South Africa and Swaziland	5 350 966	(2)	5 465 922
Feed	4 224 542	(11)	4 753 792
– South Africa	4 089 104	(10)	4 552 243
– Other Africa	135 438	(33)	201 549
Services and ventures	269 610	(27)	368 410
Inter-group	(1 477 244)		(1 754 486)
– Feed to Poultry	(1 408 987)		(1 620 781)
– Services and ventures to Poultry and Feed	(68 257)		(133 705)
	8 367 874	(5)	8 833 638
Operating profit			
Poultry			
– South Africa and Swaziland	262 248	(7)	281 607
Feed	281 159	8	260 796
– South Africa	280 791	13	247 974
– Other Africa	368	(97)	12 822
Services and ventures	41 970	9	38 518
	585 377	1	580 921
Capital expenditure			
Poultry			
– South Africa and Swaziland	85 393	(17)	103 472
Feed	43 708	(1)	44 131
– South Africa	32 014	57	20 456
– Other Africa	11 694	(51)	23 675
Services and ventures	98 769	INF	11 272
	227 870	43	158 875
Depreciation, amortisation and impairment			
Poultry			
– South Africa and Swaziland	79 845	8	73 978
Feed	19 542	(6)	20 885
– South Africa	16 942	(8)	18 445
– Other Africa	2 600	7	2 440
Services and ventures	9 180	6	8 698
	108 567	5	103 561
Assets			
Poultry			
– South Africa and Swaziland	2 259 783	(3)	2 324 294
Feed	786 738	(26)	1 060 430
– South Africa	707 280	(27)	968 476
– Other Africa	79 458	(14)	91 954
Services and ventures	465 815	37	340 365
Assets held for sale	26 928		
Set-off of inter-group balances	(410 966)		(551 449)
	3 128 298	(1)	3 173 640
Liabilities			
Poultry			
– South Africa and Swaziland	1 370 978	(6)	1 461 951
Feed	622 487	(25)	833 453
– South Africa	578 665	(27)	794 501
– Other Africa	43 822	13	38 952
Services and ventures	87 824	39	63 236
Liabilities held for sale	11 778		
Set-off of inter-group balances	(410 966)		(551 449)
	1 682 101	(7)	1 807 191

- **Revenue down 5%**
- **Operating profit up 1%**
- **Headline earnings per share up 8%**
- **Final dividend at 470 cents per share up 7%**
- **Total dividend for the year up 9%**

ADDITIONAL INFORMATION

	Audited Year ended 30 Sept 2010	Change %	Audited Year ended 30 Sept 2009
Headline earnings (R'000)	365 162	8	338 492
Headline earnings per share (cents)			
– basic	960	8	890
– diluted	959	8	890
Dividend per share (cents)			
– declared out of earnings for the year	760	9	700
Ordinary shares			
– Issued net of treasury shares	38 047 708		38 047 708
– Weighted-average	38 047 708		38 047 708
– Diluted weighted-average	38 072 092		38 053 527
Net debt (borrowings less cash and cash equivalents) (R'000)	128 973	(31)	187 396
Net asset value per share (Rand)	37,43	6	35,38

NOTES

- Nature of business**
Astral is a leading South African integrated poultry producer. Key activities consist of animal feed pre-mixes, manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and sales and distribution of various key poultry brands.
- Basis of preparation**
The condensed consolidated financial information announcement is based on the audited financial statements of the group for the year ended 30 September 2010 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Listings Requirements of the JSE Limited and the South African Companies Act (1973), as amended.
- Accounting policies**
The accounting policies applied in the financial statements comply with IFRS and IAS 34 and are consistent with those applied in the preparation of the group's annual financial statements for the year ended 30 September 2009, except for the adoption of the revised IAS 1 – Presentation of Financial Statements, IFRS 8 – Operating Segments, and Circular 3/2009 on Headline Earnings. The presentation of the financial statements and operating segments disclosures have been changed according to the changes in IAS 1 and IFRS 8, respectively, with no adjustment necessary on the adoption of Circular 3/2009. The operating segments are now reported in a manner consistent with the internal reporting provided to the chief executive officer.
- Independent audit by the auditors**
These condensed consolidated results have been audited by our accredited auditors PricewaterhouseCoopers Inc. who have performed their audit in accordance with the International Standards on Auditing. A copy of their unqualified audit report is available for inspection at the registered office of the company.

	Audited Year ended 30 Sept 2010 R'000	Audited Year ended 30 Sept 2009 R'000
5. Operating profit		
The following items have been accounted for in the operating profit:		
Auditors' remuneration	5 701	4 877
Directors' remuneration	12 053	9 119
Cash settled share-based payments – fair value loss/(gain)	1 069	(2 100)
Equity call options – fair value loss		582
Biological assets – fair value loss/(gain)	1 388	(2 581)
Amortisation of intangible assets	4 536	5 081
Depreciation on property, plant and equipment	104 031	98 480
Loss/(profit) on disposal of property, plant and equipment	418	(6 859)
Foreign exchange losses	536	2 369
6. Reconciliation to headline earnings		
Earnings for the year	357 637	344 564
After-tax net loss/(profit) on sale of property, plant and equipment	491	(6 576)
Fair value adjustment of investment held for sale	7 233	
Negative goodwill	(199)	
Impairment of assets		504
Headline earnings for the year	365 162	338 492
7. Cash and cash equivalents per cash flow statement		
Bank overdrafts (included in current borrowings)	(169 234)	(290 780)
Cash at bank and in hand	140 240	137 845
Cash and cash equivalents per cash flow statement	(28 994)	(152 935)
8. Share capital		
No shares were repurchased in terms of the share buy-back programme during the year (2009: nil).		
No shares were issued in terms of the group's share incentive scheme during the period under review (2009: nil).		
9. Capital commitments		
Capital expenditure approved not contracted	120 124	93 956
Capital expenditure contracted not recognised in financial statements	20 156	34 505
10. Business combination		
The group acquired the assets and operating activities of Vreddebst Plase, a poultry farming and hatching operation in the Western Cape, effective from the 29 September 2010. Vreddebst's revenue was generated mainly from sales to the Astral group prior to the acquisition. The purchase allocation has been performed and is considered as final.		
Property, plant and equipment	18 921	
Biological assets	3 964	
Deferred tax liability	(420)	
Negative goodwill	(199)	
Purchase consideration	22 266	
11. Litigation		
– A referral was made to the Competition Tribunal regarding alleged anti-competitive conduct by subsidiaries in the group in 2008. The group is opposing the referral.		
– During September 2009 the Competition Commission initiated complaints against all past and present members of the Animal Feeds Manufacturers Association and the South African Poultry Association as well as other players involved in the production of poultry feed, in breeding stock and broiler production, and in the poultry products industry. Astral is not aware of any transgressions of the Competition Act within the group, however it offered all reasonable co-operation to the Commission in regard to their investigation into the industry.		

Financial Overview

Headline earnings for the year increased by 8% to R365 million from last year's R338 million, mainly as result of lower finance charges. Revenue decreased by 5% from R8 834 million to R8 368 million due to lower agricultural input costs and lower poultry realisations. Poultry's operating profit was down 7% to R262 million (2009: R282 million). The division was not being able to capitalise on lower feed input costs due to poultry realisations continue to be depressed. The Feed division however improved its profitability with 8% from R261 million for 2009 to R281 million. The Services and Ventures segment which consist mainly of NuTec and the East Balt bakery, improved its profitability by 9% to R42 million (2009: R38 million). A decision has been taken to divest from Meaders Feeds Limited (Mauritius) and the group's share of assets and liabilities have been disclosed as held for sale. The value of these assets have been impaired by R7,2 million in order to reflect the market value of the group's share in the issued share capital of Meaders Feeds Limited. The operating profit margin for the group at 7,0% is a marginal improvement on the previous year's 6,6%. Net interest paid for the year of R21 million is well down on last year's R50 million. Cash generated from operating activities for the year of R769 million was an improvement of 32% on last year's R584 million. The net debt to equity ratio reduced to 9% (2009: 14%). The Board has declared an increased final dividend of 470 cents, resulting in a total dividend for the year of 760 cents (2009: 700 cents). The distribution will be supported by the strong balance sheet and underlying cash flow generation capabilities.

Operational Overview

Poultry Division
Turnover for the division at R5 351 million was down by 2% from R5 466 million in 2009 on the back of significantly lower selling prices, due to an oversupply of products to a depressed consumer market. However, the increase in sales volumes to a large extent compensated for the lower selling prices. The volume growth achieved was mainly due to efficiency improvements and on-farm production results. Less than 1% of the higher sales volumes were brought about by planned placements. 1,2 million jobs were shed during the period under review together with higher levels of poultry imports supported by a strong local currency, brought about an oversupply of poultry in the market place which resulted in depressed poultry prices. Vigorous discounting in all market segments was the order of the day to manage stock levels. The profitability was supported by lower feed input costs, as was the case in the first half of the year. Margins for the Poultry Division showed a slight decrease to 4,9% as the feed input costs did not compensate to the full extent for the reduced selling prices. Operating profit for the period decreased by 7% to R262 million (2009: R282 million) as a result of the protracted labour action at Earlybird Farm Standerton. The incorporation of the "new" Ross 308 genetic line will be accomplished during the early part of 2011.

Feed Division
Revenue for the period decreased by 11% from R4 754 million to R4 225 million mainly as a result of lower feed prices driven by lower grain prices. The lower grain prices came about due to improved global and local plantings and yields as well as a reduction in global demand. Sales volumes increased by 1% due to an increased demand from the group's Poultry operations offset by a reduction in sales to external markets. Operating profit increased by 8% from R261 million to R281 million, despite difficult market conditions. This improvement was made possible by tight cost controls and higher volume throughout. The division's Zambian and Mozambican operations posted disappointing results due to the contraction of those economies, exacerbated by the weakening of those local currencies. The Zambian operations however, showed signs of improvement in trading conditions towards the end of the reporting period.

Services and Joint Ventures
The division performed satisfactory with operating profit at R42 million, being 9% up on the last year's R38 million. The new East Balt bakery in the Western Cape was successfully commissioned during July 2010.

Prospects

We do not expect that the business environment for next year will be any different from the year under review. The global outlook for grains is a key cost driver for both feed and poultry production and shows signs of tighter supply and demand prospects which could lead to prices firming. The extent at which higher feed prices translate to prospective earnings will be dependent on both the level of poultry imports supported by a strong local currency, and the domestic supply and demand balance. Local demand will be influenced and impacted upon by consumer buying patterns, unemployment levels and further job shedding. In the current uncertain economic environment it will be a priority to continue to focus on our current efficiencies drive.

Declaration of Ordinary Dividend No. 20

Notice is hereby given that a final dividend (No. 20) of 470 cents per ordinary share has been declared in respect of the year ended 30 September 2010. Last date to trade cum dividend Friday, 14 January 2011
Shares commence trading ex dividend Monday, 17 January 2011
Record date Friday, 21 January 2011
Payment of dividend Monday, 24 January 2011
Share certificates may not be dematerialised or rematerialised between Monday, 17 January 2011 and Friday, 21 January 2011, both days inclusive.
On behalf of the Board
JJ Geldenhuys
Chairman
Pretria
11 November 2010
CE Schutte
Chief Executive Officer

Astral Foods Limited	Incorporated in the Republic of South Africa	Registration number 1978/003194/06
Share code ARL	ISIN: ZAE000029757	("Astral" or "the company" or "the group")
Registered office	92 Koranna Avenue, Doringkloof, Centurion, 0157, South Africa Postnet Suite 278, Private Bag X1028, Doringkloof, 0140 Telephone: +27 (0) 12	